

## Year Two (October 1, 1983 - September 30, 1984)

### Enrollment:

185,409 **acute** care members (74,898 AFDC & AFDC/MAO, 30,582 SSI & SSI/MAO, and 79,929 MN/MI).

### Program:

- The second Annual Medical Audit was conducted during July - September, 1984. Findings issued in November, 1984 concluded that AHCCCS providers render care similar to that received by private non-AHCCCS patients and that "...AHCCCS patients received the highest quality of medical care available..."
- AHCCCS began using a charge-based inpatient hospital cost reimbursement system, the Adjusted Billed Charges (ABC) system. This system was designed to hold reimbursement rates for hospital claims constant at 1984 levels, on a hospital-specific basis.
- On May 5, 1984 (HB 2551, Chapter 272, Laws of 1984) created an independent state agency, AHCCCS, and made the following other substantive changes:
  - Strengthened eligibility documentation requirements for MN/MI;
  - Based MN/MI eligibility determinations on an annualization of the previous 3 months' income rather than annualization of the prior month's income;
  - Allowed MN/MI to appeal directly to the State if their eligibility was denied, instead of to the county;
  - Permitted AHCCCS to defer the enrollment of hospitalized persons and pay for their care on a fee-for-service or adjusted billed charge basis;
  - Gave AHCCCS the authority to require the posting of performance bonds for AHCCCS contractors;
  - Directed AHCCCS to pay hospitals on an adjusted billed charge basis;
  - Authorized AHCCCS to pay hospitals directly for hospital care that was not paid in a timely manner by contracting Health Plans;
  - Permitted, in certain circumstances, written subcontract requirements to be waived;
  - Allowed AHCCCS to contract directly with hospital for discounted rates;
  - Required AHCCCS to establish a third party liability unit; and
  - Required AHCCCS to develop specific quality of care standards.
- 18 Health Plans served AHCCCS members.

### Waivers:

- AHCCCS dropped two waivers. The agency began covering eyeglasses, dental care and hearing as part of EPSDT services and dropped the waiver that excluded from Title XIX all incurred costs for eligible recipients prior to 10/1/82 because it was no longer necessary.

<b>Financial:</b>	<b>Source</b>	<b>SFY Expenditures</b>	<b>Percentage</b>
	Federal	\$57,063,300	26.1
	State	81,270,100	37.2
	Other	<u>80,415,500</u>	<u>36.7</u>
	<b>TOTAL</b>	<b>\$218,748,900</b>	<b>100.0</b>

Does not include DSH payments and appropriations made to other State agencies.

### Administration:

- On March 16, 1984, after 18 months of administrative and budgetary problems, the contract with McAuto was terminated and the State took over the administration of AHCCCS.
- Donald F. Schaller, M.D. was appointed Director on April 12, 1984 by Governor Bruce Babbitt to replace J. Gregory Fahey, who remained as Deputy Director.
- On May 5, 1984, Governor Babbitt signed legislation making AHCCCS a separate state agency.
- Number of FTEs = 221